

VZCZCXRO4058
OO RUEHDE RUEHDH RUEHDIR
DE RUEHRH #1499/01 3140728
ZNY SSSSS ZZH
O 100728Z NOV 09
FM AMEMBASSY RIYADH
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1889
RHEHNSC/NSC WASHDC IMMEDIATE
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE IMMEDIATE
RUEHIL/AMEMBASSY ISLAMABAD IMMEDIATE 4811
RUEHBUL/AMEMBASSY KABUL IMMEDIATE 0304
RHMFISS/FBI WASHINGTON DC IMMEDIATE
RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE
RUEPINS/DIR ICE INTEL WASHINGTON DC IMMEDIATE
RUEAIIA/CIA WASHDC IMMEDIATE
RHMFISS/HOMELAND SECURITY CENTER WASHINGTON DC IMMEDIATE 0292
RUEKDIA/DIA WASHINGTON DC IMMEDIATE
RUEKJCS/SECDEF WASHDC IMMEDIATE
RUMICEA/USCINCCENT INTEL CEN MACDILL AFB FL IMMEDIATE

S E C R E T SECTION 01 OF 03 RIYADH 001499

NOFORN
SIPDIS

DEPT FOR S/CT, EEB/ESC/TFS, NEA/ARP
NSC FOR GREG GATJANIS
TREASURY FOR OIA:ROWE
DEFENSE FOR WWECHSLER
ICE FOR DMARWELL

E.O. 12958: DECL: 11/02/2019
TAGS: [PTER](#) [EFIN](#) [KCRM](#) [ECON](#) [KTFN](#) [AF](#) [PK](#) [SA](#)
SUBJECT: MISSION RIYADH TERRORISM FINANCE STAFFING

REF: SECSTATE 112368

Classified By: Ambassador James B. Smith for reasons 1.4 (b) and (d)

Overview

¶1. (S/NF) In response to request in reftel, the U.S. Mission in Saudi Arabia reports that it has 11.5 staff spread across 5 U.S. government agencies working on terrorism finance issues. Efforts are coordinated by a terrorism finance coordinating officer and by a working group on terrorism finance issues. The working group meets on an as-needed basis to discuss new developments and can be convoked by any member. Members of the working group meet in smaller groups on a daily basis to discuss ongoing activities. The Saudi interlocutors we deal with are committed to their efforts to fight terrorism finance and are improving their expertise and resources to do so effectively. Our efforts are focused on providing these interlocutors with an increased volume of actionable and situational information, and training resources, in order to augment their capabilities. End overview.

Embassy Staff Actively Working on CTF

¶2. (U) The Mission's Terrorism Finance Coordinating Officer (TFCO) is:
Christopher M. Newton
Economic Officer
966 1 488 3800 x 4097
NewtonCM2(at)state.gov

¶3. (U) The Deputy TFCO is:
Ashley Bagwell
Economic Officer
966 1 488 3800 x 4349
BagwellDA(at)state.gov

¶4. (S/NF) The Mission's terrorism finance-related staffing broken down by office is as follows:

| Office | Number of Employees |
|------------|--|
| State/ECON | 1 (works on CTF and other issues) |
| DHS | 6 (work on CTF and other issues) |
| FBI | 1 (1 full-time, 3 others on as-needed basis) |
| Treasury | 1.5 (work on CTF and other issues) |
| Other | 2 (plus others as-needed) |

Saudi Interlocutors: Good Intentions, Limited Capabilities

15. (S/NF) Saudi Arabia's key interlocutors on terrorism finance are the Ministry of Interior's Mabahith, the Saudi Arabian Financial Investigative Unit (SAFIU), Saudi Customs (which falls under the Ministry of Finance), Saudi Arabian Monetary Agency (SAMA), and the Ministry of Foreign Affairs' Office of International Organizations. While both the employees and the leadership in these organizations are generally committed to counterterrorism efforts, their capabilities often fall short of their aspirations.

16. (S/NF) SAFIU: The FIU falls under the authority of the Ministry of Interior. While the SAFIU is the SAG's lead agency for analyzing financial crime, including terrorism finance cases, financial crime investigations are still led by the Mabahith. Though they would like to branch out into financial crime investigation, this responsibility currently rests with the Mabahith. (Note: SAFIU Director BG Maghlooth

RIYADH 00001499 002 OF 003

shared that the Mabahith has the lead on financial investigations into detainees, but will engage in those investigations on an as-needed basis, such as with the Al Haramain case. End Note.) Established in 2005, the FIU moved into its own building in 2007, and joined the Egmont Group of financial intelligence units in May 2009. While well-schooled in basic financial crime analysis, they lack a deeper understanding of how to develop a case sophistication with in-depth analysis. Mission Saudi Arabia's FBI, Treasury, and State/ECON offices have provided (and continue to provide) training opportunities to the FIU. These include a Treasury-sponsored analytic exchange to take place in the coming months, an FBI-taught training course in Riyadh currently taking place (a follow-up to a previous course held in February 2009), and a State/ECON-facilitated training course provided by the FDIC in Arlington, Virginia from Nov. 16 - 20. Treasury is also sending out an advisor from its Office of Technical Assistance this month to evaluate the SAFIU's long-term training needs. Information sharing between the SAFIU and the Mission is good and improving.

17. (S/NF) Mabahith: Also reporting to the Ministry of Interior, the Mabahith is the SAG's primary investigative arm when it comes to terrorism-related activities. Within the past two years, they have demonstrated a growing appreciation for the importance of terrorism finance investigations, most often with regard to al Qaida-related finance, and have actively pursued these cases, including investigations of significant interest to the USG. In terms of their investigation capabilities, the Mabahith is fully capable; but, in conjunction with the SAFIU, need to work on their ability to develop and investigate a complex financial case. Mabahith has made gains combating Saudi-based financing activities of Al Qaida, and more recently Lashkar e-Tayyiba; we expect similar progress on Taliban and Hamas financing as we ramp up information sharing and political messaging with the Saudis on these subjects. While the SAFIU is the lead financial analysis agency within the SAG, the Mabahith also has financial analysts. The two agencies work together frequently, although this collaboration could be improved. FBI, Treasury, and other USG agencies have provided (and continue to provide) the Mabahith with training opportunities on a range of topics. Treasury has engaged with Mabahith on

charitable regulation over the last several years, and will engage with the Mabahith on Taliban finance in the coming months. Information sharing between the Mabahith and the Mission is excellent and increasing, particularly with respect to Al Qaida finance.

¶8. (S/NF) Customs: Saudi Customs reports to the Ministry of Finance and is responsible, in conjunction with the Ministry of Interior and Saudi Border Guards, for interdicting bulk cash smuggling. While the Kingdom introduced a cash declaration form and requirement in July 2007, the form is voluntary. Customs reports declarations to the SAFIU, but does not conduct follow-up investigations. Declarations have resulted in a small number of seizures since their inception, but none related to terrorism finance. Customs currently lacks the capability (but appears to have the desire) to employ bulk cash declaration forms as an effective tool in the SAG's efforts to fight terrorism finance. DHS has laid out a substantial training program for Customs on how they can more effectively interdict and investigate bulk cash smuggling. DHS is also working with Customs and MOI on how they can improve their communication and coordination with each other. Information sharing has, to date, been largely one-way (us to them), but is improving.

¶9. (S/NF) SAMA: The Saudi Arabian Monetary Agency is the Kingdom's central bank and the regulator for the banking and financial services sector. It operates a Banking Institute, which provides training courses for other government agencies, including prosecutors and judges, on financial crime. SAMA also oversees the banks' (and other financial

RIYADH 00001499 003 OF 003

institutions') implementation of anti-money laundering and counterterrorism finance regulations and laws. In fact, chief compliance officers at the 13 licensed Saudi banks are actually considered to be under the direct control of SAMA, an unusual but effective arrangement granting SAMA exceptional visibility into bank compliance operations. Prior to the advent of the SAFIU, SAMA was the primary actor in the Kingdom on financial crime. It maintains a capable staff of financial analysts and investigators to ensure bank compliance with rules and regulations. SAMA trains its own staff both at its own Banking Institute and by paying for several staff per year (up to 15) to pursue advanced degrees in economics and finance at U.S. and European universities. Information sharing with the Mission is limited and is not improving (SAMA has been singularly unhelpful in our efforts to obtain certified bank records for use in an on-going, high-profile terrorism finance case in the U.S.).

¶10. (S/NF) MFA: The Ministry of Foreign Affairs stands out as the least responsive interlocutor on terrorism finance. Official demarches on UN 1267 Committee designations rarely invoke a substantive response. When a response is forthcoming, it is usually six to eight months following the designation. The MFA has one individual devoted to this issue fulltime, and another two who cover his job responsibilities when he is unavailable.

Comment and Recommendations

¶11. (S/NF) Current USG staffing levels related to terrorism finance at Mission Saudi Arabia are adequate when fully staffed, but leave no margin for significant portfolio growth or disorderly transition. Each office dealing with these issues is able to engage effectively with most Saudi counterparts, but would be extremely limited in their ability to do so should staff be reduced. The key path for enhancing Saudi performance on fighting terrorism finance is three-fold. First, we must continue to reinforce, on a political level, the SAG's positive recent trend towards an appreciation that terrorist groups other than Al-Qaeda are a threat both to them and to regional stability. This has been

most poignantly illustrated by their efforts against Lashkar e-Tayyiba in response to last November's attacks in India.

¶12. (S/NF) Second, we need to continue our efforts to enhance the capabilities of our key interlocutors. Numerous efforts in this regard are already underway. Saudi Customs and the MOI need additional training on bulk cash smuggling before they will be able to effectively intercept shipments and investigate terrorism finance facilitators. Both the SAFIU and the Mabahith need additional training on how to analyze and investigate financial crime. State/ECON, the FBI, DHS, Treasury, and other USG agencies are actively involved in these efforts.

¶13. (S/NF) Third, we need consistent and regular engagement, particularly through the exchange of experts and actionable intelligence, including participation by senior USG officials. Our experience has shown this produces a better response and greater results. End comment.

SMITH